



Guide to Financial Assistance for Economic Development

For more information contact the:

**Connecticut Department of Economic
And
Community Development**

**505 Hudson Street
Hartford, CT 06106
or
1-800-392-2122**



**Connecticut Department of Economic
and
Community Development**

Department of Economic and Community Development

Dear Applicant,

Thank you for contacting the State of Connecticut so that we may assist you with your economic development needs. The State, through the Department of Economic & Community Development, the Connecticut Development Authority and Connecticut Innovations, offers a wide variety of business financing programs designed to assist businesses in meeting current needs.

We have designed this booklet to assist you in requesting assistance. The first step is a pre-application which must be submitted in order to begin the formal application process. Once the pre-application has been accepted, you will be asked to provide additional information on your project. A DECD Regional Manager will be available throughout the process to answer questions, assist with forms, and generally see you through the process.

In recent years, the Department of Economic & Community Development has placed great emphasis on improving customer service. At the same time, several public acts have been passed which emphasize the accountability of the state dollars. Therefore, as a public agency, supported by taxpayer dollars, the Department has several requirements of accountability, which the applicant and the Agency must meet before financial assistance can be provided.

In the following pages, you will see an overview of our requirements and a description of some optional benefits which you may wish to consider. At the end of the booklet, we have a directory of other information that may be useful to you. We look forward to working with you.

Sincerely,

Commissioner James F. Abromaitis

Additional Information:

For additional information on services or financial assistance, please contact the Connecticut Economic Resource Center (CERC) at 1-800-392-2122.

Additional Information and Assistance

Business Assistance Services

In addition to providing financial assistance, the state sponsors a variety of service programs to assist you with your business development needs.

International

Export Market Development

Site Location

Real Estate Site Location

Manufacturing Assistance Programs

Connecticut State Extension Program (CONN/STEP)
 Manufacturing Application Center (MAC)
 Center for Flexible Manufacturing Networks (CFMN)
 Procurement Technical Assistance Center (PTAC)
 Technology for Connecticut (TECHCONN)
 Precision Manufacturing Center at UConn
 Neuroscience Center at Yale University

Small Business Assistance Programs

Set Aside Certification/Information

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Public Policy Objectives

Statement

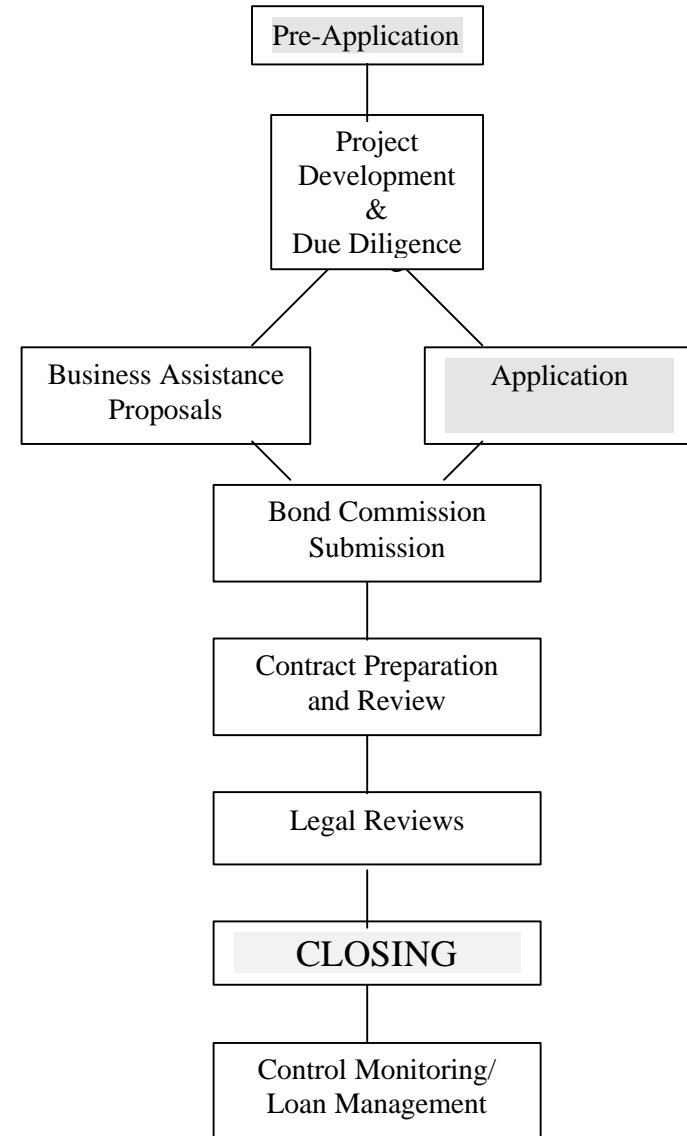
In accordance with Conn. Gen. Stat. 32-450 et seq, the Department of Economic and Community Development has established the following public policy objectives for “Threshold Projects”. These projects are defined as **businesses with one hundred (100) or more employees in Connecticut, seeking one million dollars (\$1,000,000) or more of financial assistance.** The objectives are as follows:

1. Retention and expansion of employment opportunities in the state
2. Retention and expansion of economic activity levels by existing businesses in the state
3. Attracting new jobs and businesses to the state
4. Provision of jobs for underemployed, laid-off workers and public assistance recipients
5. Increasing, enhancing and updating business capacity
6. Increasing, enhancing and updating employee skills and employee training in the state
7. Increasing state and municipal tax revenues from increased economic activity and employment
8. Providing other benefits deemed by the Department to be of value to the state, local community, citizens and employers.

Reporting

As required by the General Statutes, you will be asked during your application process to describe how your project meets any of these objectives. You will also be asked to annually report on your progress in meeting the objectives that your project is designed to meet. Specific forms will be provided to you to facilitate this reporting. Department staff is available to assist you in this process.

Department of Economic & Community Development Process for Business Assistance Projects



Contract Preparation and Review: DECD staff will then prepare contract documents to allow the disbursement of funds to you. This contract will be based on the terms described in your application, pre-application and accompanying documents.

Legal Review: The contract will then be reviewed by the DECD attorney and the Attorney General of the State.

Closing: When all parties have approved and executed the contract, funds will be disbursed to you.

Contract Monitoring and Loan Management: Following the closing, DECD will conduct audits and periodic reviews to ensure that the terms of your contract are being followed. This includes not only repayment for loans but also other conditions such as employment. The primary documentation which you will be asked to submit includes:

- ◆ Quarterly labor reports
- ◆ Annual report

Other information may be requested according to the assistance agreement.

All proprietary business information submitted to the Department of Economic and Community Development in the application process is exempt from the Freedom of Information Act per Section 32-11a(k) of the Connecticut General Statutes.

The Department has worked to minimize the effect of these requirements on you. The Department is required by State law to collect, track and report information on the public funds that are made available to businesses. Semi-annual reports to the Legislature and Governor provide the basis for determining the accountability of the State's financial economic development programs, and, therefore, their continued funding.

Requirements

The following is a list of the basic requirements which all applicants are expected to meet. There may be a few others depending on the specific nature of your project.

A. Eligibility

Each financial assistance program has specific eligibility guidelines. However, due to the variety of programs, there are ways to meet a wide range of business needs. The Department also has the ability to work with other agencies, private lenders and utilities to assist businesses.

B. Collateral, Guarantees & Financial Statements

Collateral or personal guarantees will be required for all financial assistance. In some cases, this is a condition of state law. In others, it is required by the financial procedures which govern the Department. Personal financial statements and unconditional personal guarantees will be required of any holder of 10% or more ownership interest in the applicant/borrower. If the 10% or more ownership is held by an organization rather than an individual, it will be asked to provide full financial statements.

C. Ten-Year Residency Requirement

According to CGS §32-5a, all recipients of financial assistance are required to remain in Connecticut for not less than ten years following the receipt of funding. There is a substantial financial penalty for failing to fulfill this requirement. Additionally, if the recipient should relocate within the State within ten years, CGS §32-5a requires that the recipient offer current employees positions at the new location. There are also financial penalties for failure to meet this condition.

D. Public Notification

General Statutes established the requirement that all applicants for business assistance must report to the Department whether they have consulted: 1) their municipality; and, 2) their employee representatives or labor union. Applicants may elect not to make such consultations; however, they must explain why they have not done so. If public disclosure would harm the project or your company, a statement to that effect should be clearly made. A form will be provided to you to make this report prior to approval.

E. Equal Opportunity and Affirmative Action

The State of Connecticut is an Equal Opportunity Employer with a commitment to affirmative action. Your project will be reviewed for the impact on equal opportunity employment. The financial assistance agreement will have a non-discrimination clause and a requirement to use fair employment practices.

F. Employment

Job retention and creation are two primary goals of state economic development programs. Therefore, companies will be asked to create and/or retain jobs as a condition of financial assistance. The number of jobs will be specified in your assistance agreement and they will be reviewed periodically along with other contractual conditions.

G. Matching Funds

The State acts as a partner in your project by funding a portion of your total project cost. While a match for all state funding is required by law, the specific amount depends on the location of the project and on its economic impact.

- ◆ Ability of applicant to implement the project
- ◆ Return on investment – ability of applicant to repay

Project Development and Assessment: During this phase, your project is reviewed to ensure that it meets financial and legal standards. Staff will examine the financial aspects of the project and will assess: a) your eligibility and b) the type of assistance that is most appropriate for your needs. You will be asked to provide the following information during this review:

- ◆ Public policy statements (*forms provided*)
- ◆ Public notification statements (*forms provided*)
- ◆ Certificate of Good Standing

There may be additional information requested, depending on the specific nature of your project.

Business Assistance Proposal: When all information has been reviewed, the terms of the financial assistance are negotiated. DECD will prepare a proposal based on the negotiated terms.

Application: When you have accepted the proposal, you will be asked to complete a financial application with the agreed terms to signify your acceptance. Along with the application, you will be asked to submit the following:

- ◆ Acceptance of Proposal
- ◆ Corporate Resolution
- ◆ Project Financing Plan and Budget
- ◆ Affirmative action Policy Statement

If the terms in the application do not match those in the proposal, the project will return to the negotiation phase.

Bond Commission Submission: Once your application is completed, DECD must request the allotment of the funds for your assistance from the State Bond Commission. This is necessary because the funds for business financing are provided through State bonds.

Approval Process

A. Description

There are several steps to the process for receiving financing: The Department has worked to streamline the process; however, there are still some steps which are required by law or by state financial regulations which govern the expenditure of public dollars. At various points in the approval process and through the agreement period, you will be asked to provide data and information regarding your company and your project. Your DECD Regional Manager will guide your project through this process and assist you in providing the required information. The steps are shown below along with the information that will be requested:

Pre-Application: This document initiates the formal application process. It should be completed fully and returned with accompanying documentation to the DECD Regional Manager. Additional documentation with the pre-application includes:

- ◆ Business Plan
- ◆ Business financial statements (*with projections*)
- ◆ Cash Flow Summary for prior year
- ◆ Tax information (*sales, payroll and corporate*)
- ◆ Personal financial statements from each owner of 10% or more of the business (*see Item B, Page 2*)
- ◆ A schedule of any related or affiliated companies
- ◆ Information regarding a business acquisition

Based on the information provided in the pre-application, the project will be reviewed on the following criteria:

- ◆ Economic benefit to the state, measured by increased jobs, investment and tax revenue
- ◆ Manufacturing or economic base business
- ◆ Leveraging of non-state funds
- ◆ Effect on municipality
- ◆ Need of applicant or project for financial assistance (retention or inducement)

Optional Benefits

A. High Performance Work Organizations

Research from the U.S. Department of Labor has shown that companies using the methods of “High Performance Work Organizations” show greater productivity and profitability. In an effort to promote the development of these methods among Connecticut businesses, the General Assembly directed the Departments of Economic and Community Development and Labor to give priority to applicants who create an environment which enables the applicant to:

- Demonstrate** a commitment to continuous improvement of products and services and cost reductions for such products and services;
- Encourage** decentralized decision-making, worker participation at all levels and greater reliance on front-line workers;
- Develop** a worker-management relationship based on consideration of mutual interests and concerns;
- Adopt** an organizational structure which includes flexible, cross-functional teams responsible for training, customer service, operational problem solving, and product design and development;
- Cultivate** an environment which permits managers to assume motivational and leadership functions, including, but not limited to, long-range planning, coaching and facilitation, rather than serving only as enforcers;
- Demonstrate** a commitment to ongoing training of all workers, including front-line staff, and training to enable the company to meet ISO 9000 standards;
- Implement** a flexible benefits program and innovative compensation schemes, such as profit sharing, gainsharing, skill-based pay or pay-for-performance systems;
- Demonstrate** a commitment to a safe and healthful workplace;
- Solicit** suggestions from customers and suppliers in designing and developing products and services;

Demonstrate a commitment to delivering a greater variety of high quality products at a lower cost through manufacturing innovations such as concurrent engineering, flexible manufacturing and just-in-time productions; and

Provide wages and benefits that meet or exceed industry averages.

If you believe that your company meets at least six of these criteria, you may obtain a form to apply for this priority from your DECD Regional Manager.

B. Connecticut Career Certificate Program

As the workplace becomes more specialized, the transition from school to work is increasingly important for Connecticut students if they are to become the skilled and productive workers of Connecticut's future. In light of this need, the state has developed a Connecticut Career Certificate program which will offer students the opportunity to gain certified skills in a workplace. Conn. Gen. Stat. 10-20a to 10-20f directed the Department of Economic & Community Development to give priority to applicants who are willing to participate in a Connecticut career certificate program established by a local or regional board of education, regional vocational-technical school or regional education service center and approved by the Commissioners of Education and Labor. If your company is interested in participating in a Connecticut Career Certificate program, notify your DECD Regional Manager.

C. Enterprise Zone Program

The Enterprise Zone Program provides an 80% tax abatement on qualifying real and personal property for five years; a 25% corporation tax credit for ten years and a \$500 grant for each new job created above minimum hiring criteria to businesses within the Enterprise Zone (benefits are higher if the company hires a

minimum of 30% from within the zone). Manufacturers and some service sector businesses are eligible as well as research and development related to manufacturing and non-retail distributors of manufactured products. Zone are located in: Bridgeport, Bristol, Groton, East Hartford, Hamden, Hartford, Meriden, Middletown, New Haven, New Britain, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Willimantic (Windham).

D. Minority and Small Contractor's Set-Aside Program

Your company may be eligible for the State's Minority and Small Contractors' Set-Aide Program which has been established with the purpose of assuring that Connecticut small and minority businesses have an opportunity to bid on a portion of State contracts. If your company is a **small business** with annual receipts of less than \$10 million and you have a Connecticut-based company established in Connecticut for at least one year, you are eligible. For a **minority business**, you must meet the small business criteria and also have: 1) at least 51% of your business owned by a minority person(s), and 2) a minority stockholder who is active in the daily affairs of the business and has the power to direct the management and policies of the business. ("Minority" includes a variety of categories including racial, ethnic, gender and disability status. Check with DECD staff to be sure.)

Once you qualify, you will receive priority in bidding on a portion of all state contracts. To participate in this program, a business must register with the Department of Administrative Services